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industry brings the largest measure of what Professor Marshall happily calls the national dividend? The regular flow of that dividend and, in some degree probably, its abundance are affected by the oscillations of trade. But the commanding factor in the long run is the effective organization and direction of the productive apparatus. Whether restraints on importation make that apparatus more effective or less is a question we can answer chiefly, if not solely, by general reasoning as to the working of the institution of private property and the effects of the geographical division of labor.

But all such discussion lies outside the scope of Mr. Stanwood's book, and what he says incidentally on the strictly economic problem is interesting chiefly as showing the point of view of an intelligent and fair-minded protectionist. One may differ with him on these matters, and yet be grateful for his narrative of the tortuous history of tariff legislation.

F. W. TAUSSIG.

HARVARD UNIVERSITY.

The Truth about the Trusts. By JOHN MOODY. New York, The Moody Publishing Company, 1904. — xxxii, 514 pp.

Mr. Moody believes thoroughly in the trust. It is, he says, "the natural outcome or evolution of societary conditions and ethical standards which are recognized and established among men to-day as being necessary elements in the development of civilization" (p. 494). Though the form of expression is vague we readily recognize in this sentence the familiar claim of the trust apologist: that given the existing social and industrial conditions, the progress of consolidation is inevitable. Mr. Moody's originality appears in the grounds he advances for regarding the trust as a beneficent institution. He casts aside the stock argument that the consolidation of industry results in higher wages and lower prices. He scorns the idea that the trust is not a monopoly. No brilliant career is open to the trust which has to rely upon mere competitive efficiency. Monopoly alone can explain the trust movement; the achievement of monopoly alone justifies it. But it is a huge mistake to regard monopoly as reprehensible — a mistake due wholly to the mischievous activity of the demagogue and the socialist. Monopoly is in reality "a social product which exists with the consent of society, and men in business take advantage of it where found, just as they take advantage of any other factor for achieving their end" (p. xvi). Men desire monopoly just as they desire lands or factories

or any other sources of income. It is a socialistic meddling with a man's natural rights to prevent him from satisfying so legitimate a desire. Moreover, "business could not be carried on under present high social conditions and ethical standards without at least a tacit recognition of the legitimacy of the monopoly factor" (p. 495). The relentless competitive warfare of the kind lauded by the Manchester school has disappeared before our higher ethical standards. Mr. Moody quotes approvingly from "the manager of one of our larger trusts":

Where formerly the small producer competed to reduce his costs and undersell his competitors by the ordinary means of great economy and superior efficiency, he has now gone beyond that point . . . The advantages he now seeks are not so crude. They consist in going to the root of things, in acquiring and dominating the sources of supply and raw material; in controlling shipping rights of way; in securing exclusive benefits, rebates on large shipments, beneficial legislation, *etc.* [p. xvii].

Mr. Moody admits that competition of this nature may oblige men sometimes "to break through the lines of abstract justice." "But where they do this," he adds optimistically, "it appears that society is apt to endorse these methods on the general ground that the end justifies the means." An excellent illustration of the methods referred to is found in his description of the copper trust. On page 34 we read that this trust attempted to elect to the supreme court of Montana a candidate who would be its tool in blackmailing litigation against its rival; that it tried to bribe the judiciary of the state, and endeavored to secure the impeachment of a judge whose decisions had been unfavorable to it. The end which it sought to attain is described on page 43 :

[The trust] aimed at *and saw the necessity for acquiring a monopoly of the copper production of the world;*¹ the purpose being to restrict the production to what might be the legitimate demand at about twenty-two cents per pound. [The normal price was about twelve cents.] Could the plan have been carried to success and a practical monopoly secured, instead of being criticized and condemned on every hand, the copper trust would, in the course of time (if not by this time), come to be looked upon as one of the most brilliant demonstrations of modern business mastery and success.

¹ The italics are the author's.

Unfortunately, our present "high ethical standards and social conditions" were not sufficiently exalted to permit of the attainment of this worthy end through such appropriate means. But the author suggests that we may yet hope for the realization of the copper trust dream, and in no very remote future.

To his views on the significance of the trust movement, Mr. Moody devotes comparatively few pages. The great bulk of the work consists of a collection of facts relating to the organization and history of existing trusts, with succinct analyses of their elements of strength or weakness. Part i of the work describes at considerable length the "Greater Industrial Trusts" — the copper, smelters', sugar, tobacco, shipping, oil and steel trusts. The material presented consists chiefly in excerpts from the best contemporary financial literature, and while its chief interest is for the investor, it contains much that is of importance for the economist and political scientist. The second part describes more briefly eighty-five of the lesser trusts. In part iii, entitled "Industrial Trusts in Process of Reorganization or Readjustment," we have a concise account of the disgraceful methods of finance employed in such concerns as the ship-building and the asphalt trusts. Parts iv and v are respectively devoted to a discussion of the franchise trusts and the more important railway groups. Part vi gives statistics for all trusts. The figures represent, as the author with apparent justice claims, "the most thorough and accurate list of industrial trusts ever published in this country."

Mr. Moody's point of view is consistently that of the securities market; and this fact explains both the excellence and the deficiencies of his work. He apparently lives in a world inhabited exclusively by promoters, underwriters, brokers and occasional investors; the last class being, however, of minor importance. Whatever promoters, underwriters and brokers desire, the author regards as their natural right; whatever furthers their interests makes for the general welfare. To strike at their privilege of exploiting the public is "to war against all mankind."

The data which Mr. Moody has collected, and which make up the bulk of his work, are of the greatest interest and importance to every student of the trust problem. The comparatively brief controversial portion of the book contains so much "truth about the trusts," and sets it forth so frankly, that his work may well be ranked among the most important contributions to the anti-trust literature.

ALVIN S. JOHNSON.

COLUMBIA UNIVERSITY.